

IRS OVERSIGHT BOARD MEETING STATEMENT OF THE NATIONAL SOCIETY OF ACCOUNTANTS

FEBRUARY 1, 2005

Good afternoon, Mr. Chairman and members of the Board. My name is Joan C. LeValley; I am an Enrolled Agent and owner of the firm JCL and Company, of Park Ridge, Illinois, a suburb of Chicago. I am pleased to appear before the Board on behalf of the National Society of Accountants (NSA) where I serve as the Vice-Chair of the NSA Federal Taxation Committee. I also serve on the IRS Advisory Council (IRSAC) and have been in tax practice for over 30 years.

NSA and its affiliated state organizations represent approximately 30,000 accountants, tax practitioners, business advisors and financial planners providing services to more than 19 million individuals and small businesses. Most NSA members are sole practitioners or partners in small- to mid-sized firms. NSA members agree to adhere to a strict code of ethics and professional conduct.

My comments will focus on the need for the IRS to work more closely with its external stakeholders to create a more compliant taxpayer population and to maintain and enhance effective communication, outreach and liaison activities with practitioners at the local level.

Tax practitioners are the IRS' greatest allies— we are in the front line of tax administration serving as the buffer between taxpayers and IRS. We educate our individual taxpayer and business clients to adhere to the Internal Revenue Code and Regulations. We work to ensure that taxpayers are treated fairly by the IRS. Without us, IRS could not facilitate tax filings and collection of accounts in current status. Tens of thousands of practitioners are doing IRS work, at no cost to the government.

Essential to this process is a formal means of communication for practitioners and the IRS to meet and discuss issues of mutual concern. This

communication process must include liaison activities at the national level with organizations such as NSA and other national stakeholder groups. Equally important, it must also include liaison activity at the local level.

We believe that local IRS/practitioner liaison fills a unique role and is vital to effective tax administration. Local liaison activities serve the following functions:

- ❖ Serve as an early warning system for systemic problems that are identified at the local level that have nation-wide implications and for and as a mechanism to bring up issues unique to that area or region
- ❖ Provide a mechanism for practitioners to sit down with local IRS personnel and solve taxpayer issues and problems
- ❖ Alert IRS/practitioners about local tax scams and fraud
- ❖ Provide a means to disseminate new IRS procedures and practices to local practitioners that may not belong to a national organization
- ❖ Provide a training ground for future leaders within the IRS and practitioner groups to meet, network, work together and build long-term relationships.

Unfortunately, there are storm clouds on the horizon. The IRS is reorganizing the functions of the Taxpayer Education and Communication (TEC) division of SB/SE and that a shift of personnel from this area into compliance functions is underway. This is the main group that provides liaison activities at the national and local levels. We understand that many senior TEC staff that had acquired a vast wealth of IRS knowledge and experience have moved to other positions, leaving only lower grade employees for practitioners to work with.

Practitioners are very concerned that this reorganization will result in the elimination or the substantial degradation of local IRS/Practitioner liaison activity. Stripping IRS communication from practitioners will result in chaos far beyond any dollar cost savings the IRS may realize and break a vital link in the IRS/practitioner relationship. The Chicago area IRS has

already experienced plenty of problems with these staff cuts. Practitioners need more face-to-face interaction with IRS personnel, not less.

We recognize the need to increase the amount of resources devoted to compliance and the budgetary constraints faced by the IRS due to funding shortfalls. However, we believe that effective local IRS liaison is a necessary activity and a vital part of the compliance function and should not be sacrificed.

Respectively submitted,

Joan C. LeValley, EA
Vice Chair, NSA Federal Taxation Committee